

Blue Lake Township
(Muskegon)
Financial Statements
Including Independent Auditor's Report

March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|-------------------------------|--|---------------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Blue Lake Township | County Muskegon |
| Audit Date 3/31/04 | Opinion Date 7/7/04 | Date Accountant Report Submitted to State: | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | ✓ |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| | | | |
|--|--|--------------------------|---------------------------|
| Certified Public Accountant (Firm Name) M. L. Shreve CPA, P.C. | | | |
| Street Address 110 W. Colby, Suite 104 | | City Whitehall | State Mi |
| Accountant Signature <i>M. L. Shreve CPA, P.C.</i> | | ZIP 49461 | Date 11-19-2004 |

**Blue Lake Township
TABLE OF CONTENTS
March 31, 2004**

| | |
|--|----------------|
| Independent Auditor's Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 11 |
| Basic Financial Statements | |
| Statement of Net Assets | 12 |
| Statement of Activities | 13 |
| Balance Sheet - Governmental Funds | 14 |
| Reconciliation of Governmental Fund Balances to Net Assets of Governmental Activities | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 16 |
| Reconciliation of the Changes in Fund Balance of Government Funds to the Statement of Activities | 17 |
| Statement of Fiduciary Net Assets | 18 |
| Notes to Financial Statements | 19 - 33 |
| Budgetary Comparison Schedules and Combining Statements | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual in: | |
| General Fund | 34 - 37 |
| Fire Equipment Fund | 38 |
| Fire Operations Fund | 39 - 40 |
| Special Assessments Fund | 41 |
| Combining Balance Sheet - Nonmajor Governmental Funds | 42 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 43 |

M. L. Shreve CPA, P.C.
110 W. Colby, Suite 104
Whitehall, Michigan 49461

Independent Auditor's Report

To the Township Board
Blue Lake Township
Muskegon County
Twin Lake, Michigan 49457

We have audited the accompanying financial statements of Blue Lake Township, County of Muskegon, State of Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Blue Lake Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Blue Lake Township, County of Muskegon, State of Michigan as of March 31, 2004, and the respective changes in financial position, and the respective budgetary comparisons for the general fund, fire equipment fund, fire operations fund, and the special assessments fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, Blue Lake Township adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and changed its accounting for fixed assets, as of and for the year ended March 31, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blue Lake Township's basic financial statements. The combining and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this information is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "M. L. Shreve CPA, P.C.", with a stylized, cursive script.

M. L. Shreve CPA, P.C.
Whitehall, Michigan
July 7, 2004

Management Discussion and Analysis

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

As the management of Blue Lake Township, we offer readers of Blue Lake Township's financial statements this narrative overview and analysis of the financial activities of Blue Lake Township for the fiscal year ended March 31, 2004.

The Financial Highlights

When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. You can think of this relationship between revenues and expenses as the Township's operating results. You can think of the Township's net assets, as measured in the Statement of Net Assets, as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net assets, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the Township's goal is to provide services that improve the quality of life for our residents, not to generate profits as businesses do. For this reason, you will need to consider many other non-financial factors in assessing the overall financial health of our Township.

- The assets of Blue Lake Township exceeded its liabilities as of March 31, 2004 by \$ 1,136,266.10 (*net assets*). Of this amount, \$ 469,152.64 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. Total net assets includes all infrastructure of the governmental funds.
- Blue Lake Township's total net assets increased by \$ 75,463.95 for the fiscal year ended March 31, 2004.
- As of March 31, 2004, Blue Lake Township's governmental funds reported combined ending fund balances of \$ 679,929.78, an increase of \$61,079.07 in comparison with the prior year.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Blue Lake Township's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Blue Lake Township's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of Blue Lake Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of Blue Lake Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes, etc.)

Both of the government-wide financial statements distinguish functions of Blue Lake Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Blue Lake Township include: Legislative, General Government, Public Safety, Public Works, Health and Welfare, and Other. The Blue Lake Township does not perform business-type activities.

The government-wide financial statements can be found on pages 12 - 17 of this report.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements (continued)

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been targeted for specific activities or objectives. Blue Lake Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blue Lake Township are categorized as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Blue Lake Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Equipment Fund, Fire Operations Fund, and Special Assessments Fund. Data from the remaining funds is presented in a single, aggregated presentation. Individual fund data for the nonmajor governmental fund is provided in the form of *combining statements* later in this report.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements (continued)

Fund financial statements

Governmental Funds

The basic governmental fund financial statements can be found on pages 12 - 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 33 of this report.

Budgetary Comparisons and Combining Statements

Blue Lake Township adopts an annual appropriated budget for all governmental funds. A budgetary comparison schedule has been provided for the general fund, as well as each major special revenue fund, to demonstrate compliance with the respective fund's budget. The budgetary comparison schedules for these major funds can be found on pages 34 - 41 of this report. The budget amounts include both the original budget amounts as well as a final budget which includes amendments made to the budget during the fiscal year. Actual amounts are compared to the final budget amounts.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented for additional supplementary analysis. The combining statements can be found on pages 42 - 43 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blue Lake Township, assets exceeded liabilities by \$ 1,135,266.10 as of March 31, 2004.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Infrastructure assets of the governmental activities are included within this report. The general capital assets (e.g., land, buildings, infrastructure, equipment) of the governmental activities of Blue Lake Township is stated in the amount of \$ 657,380.90. This amount represents 57.85 % of the net assets of Blue Lake Township as of March 31, 2004.

Blue Lake Township uses these capital assets to provide services to its residents and other citizens, consequently, these assets are not available for future spending.

Capital assets purchased during the fiscal year ended March 31, 2004 amounted to \$ 59,446.00, thereby increasing assets being depreciated from \$ 956,524.87 to \$ 1,015,970.87.

Depreciation expense for the fiscal year ended March 31, 2004 is in the amount of \$ 66,825.22, thereby increasing accumulated depreciation from \$ 291,734.75 to \$ 358,589.97.

The overall effect on capital assets, net of depreciation, therefore was a decrease in the amount of \$ 7,409.22.

Governmental activities

Governmental activities increased Blue Lake Township's net assets by the amount of \$ 75,463.95. Blue Lake Township adopted the provisions of Governmental Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* as of and for the year ended March 31, 2004.

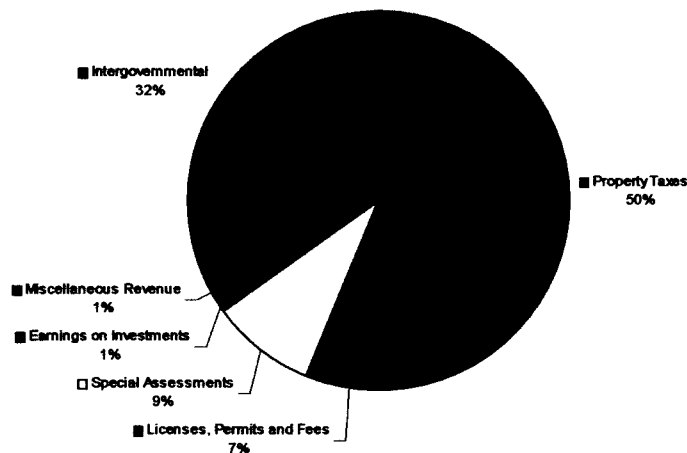
As identified on the following page, Blue Lake Township's revenue sources - governmental activities show that property taxes is 50% of the Township's revenue, state revenue sharing (intergovernmental) is 32% of revenue, and the remaining 18% is divided among other sources, such as charges for services, rental of facilities, licenses, permits and fees, and earnings on investments.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Governmental activities (continued)

Blue Lake Township Revenue Sources - Governmental Activities
for the year ended March 31, 2004



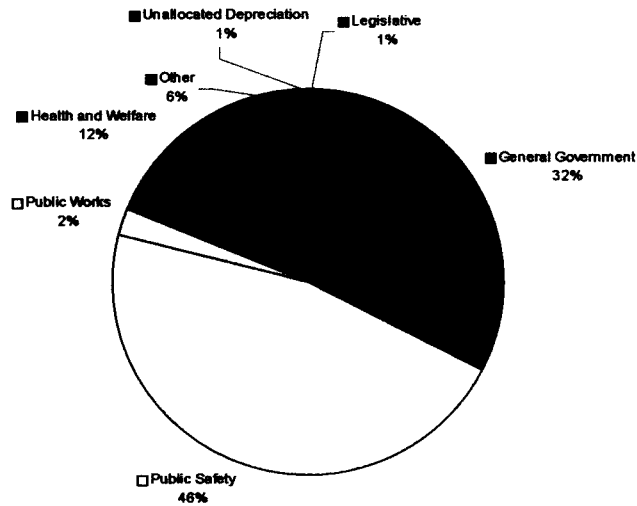
As identified in the *Statement of Activities* (on page 14 of this report) Blue Lake Township Expenses - Governmental Activities is presented for the year ended March 31, 2004. Total expenses amounted to \$ 445,011.72, before application of program revenues. The chart on the next page shows the percentages of total expenses as follows: Legislative is 1 %, General Government 32%, Public Safety 46%, Public Works 2%, Health and Welfare 12%, Other 6%, and Unallocated Depreciation 1 %.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Governmental activities (continued)

**Blue Lake Township Expenses- Governmental Activities
for the year ended March 31, 2004**



The net effect of program revenues reduces significantly the cost of operating governmental activities. These program revenues are charges for services in the amount of \$ 35,996.47 and capital grants in the amount of \$ 20,616.00. The capital grant amount came from FEMA for the purchase of specific fire equipment assets.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Budgetary Highlights

Differences between the original and final amended budget of the general fund and the fire equipment funds can be briefly summarized as follows:

| Description | Original Budget | Increase | Decrease | Final Budget |
|--|--------------------|--------------------|---------------------|--------------------|
| General Fund | | | | |
| General Government: | | | | |
| Payroll Taxes | \$ 8,600.00 | \$ 1,040.00 | | \$ 9,640.00 |
| Insurance | 17,100.00 | 136.00 | | 17,236.00 |
| Health and Welfare: | | | | |
| Building Inspection Salary | 8,400.00 | 7,600.00 | | 16,000.00 |
| Secretarial Expense | 6,000.00 | | (6,000.00) | - |
| Zoning Administrator Salary | - | 12,000.00 | | 12,000.00 |
| Inspector Travel Expense | 4,600.00 | 1,616.00 | | 6,216.00 |
| | <u>\$44,700.00</u> | <u>\$22,392.00</u> | <u>\$(6,000.00)</u> | <u>\$61,092.00</u> |
| Fire Equipment Fund | | | | |
| Other Financing Sources (Uses): | | | | |
| Transfers Out - Other Funds | \$ - | \$ 2,290.00 | | \$ 2,290.00 |
| | <u>\$ -</u> | <u>\$ 2,290.00</u> | <u>\$ -</u> | <u>\$ 2,290.00</u> |

The general fund original budget total in the amount of \$ 272,955.00 was increased by the amount of \$ 16,392.00, detailed above, to the final total budget amount of \$ 289,347.00.

The fire equipment fund's budget for expenditures was increased by \$ 2,290.00 as detailed above. Its final budget was in the amount of \$ 71,690.00.

Actual revenues in the general fund were less than the budgeted amount by \$ 26,473.59, while actual expenditures were less than the final budgeted amount by \$ 48,250.11.

Blue Lake Township
Management's Discussion and Analysis
For the year ended March 31, 2004

Capital Assets

Blue Lake Township's investment in capital assets for its governmental activities as of March 31, 2004, amounts to \$ 657,380.90 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, equipment, vehicles, and infrastructure. Blue Lake Township has implemented the infrastructure component of Governmental Accounting Standards Board (GASB) Statement No. 34 for the fiscal year ended March 31, 2004.

Requests For Information

This financial report is designed to provide a general overview of Blue Lake Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Blue Lake Township, attention: Clerk, 1491 Owasippe Road, Twin Lake, Michigan, 49457.

Basic Financial Statements

BLUE LAKE TOWNSHIP
Statement of Net Assets
March 31, 2004

| | Governmental Funds | Business-Type Activities | Total |
|---|-------------------------------|-------------------------------------|------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash | \$ 471,242.90 | | \$ 471,242.90 |
| Accounts Receivable | 14,912.59 | | 14,912.59 |
| Taxes Receivable | 25,757.75 | | 25,757.75 |
| Special Assessments Receivable | 18,678.00 | | 18,678.00 |
| Land Contracts Receivable | 37,022.25 | | 37,022.25 |
| Prepaid Expenses | 22,780.18 | | 22,780.18 |
| Total Current Assets | 590,393.67 | - | 590,393.67 |
| Non Current Assets | | | |
| Depreciable Capital Assets - Net of Accumulated Depreciation | 657,380.90 | | 657,380.90 |
| Total Non Current Assets | 657,380.90 | - | 657,380.90 |
| Total Assets | \$ 1,247,774.57 | \$ - | \$ 1,247,774.57 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 16,613.30 | | \$ 16,613.30 |
| Due To Other Governments | 1,958.40 | | 1,958.40 |
| Deferred Revenue | 88,966.89 | | 88,966.89 |
| Accrued Expenses | 3,969.88 | | 3,969.88 |
| Total Current Liabilities | 111,508.47 | - | 111,508.47 |
| Long Term Liabilities | | | |
| Non Current Portion - Long Term Liabilities | - | - | - |
| Total Liabilities | 111,508.47 | - | 111,508.47 |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 657,380.90 | | 657,380.90 |
| Restricted For: | | | |
| Special Revenue Funds | 9,732.56 | | 9,732.56 |
| Unrestricted | 469,152.64 | | 469,152.64 |
| Total Net Assets | \$ 1,136,266.10 | \$ - | \$ 1,136,266.10 |

See accompanying notes to the financial statements.

Blue Lake Township
Statement of Activities
For the Fiscal Year Ended March 31, 2004

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|------------------|--------------|---------|--------------|--|--------------------|-----------------|
| | Chagres For | Operating | Capital | Government | Business | | |
| | Expenses | Services | Grants | Grants | Type Activities | Type Activities | Total |
| Governmental Activities | | | | | | | |
| Legislative | \$ 3,983.00 | | | | \$ (3,983.00) | | \$ (3,983.00) |
| General Government | 140,776.99 | \$ 958.60 | | | (139,818.39) | | (139,818.39) |
| Public Safety | 206,734.81 | 1,442.87 | | | (205,291.94) | | (205,291.94) |
| Public Works | 9,792.88 | | | | (9,792.88) | | (9,792.88) |
| Health and Welfare | 52,319.02 | 33,175.00 | | | (19,144.02) | | (19,144.02) |
| Other | 26,560.95 | 420.00 | | \$ 20,616.00 | (5,524.95) | | (5,524.95) |
| Unallocated Depreciation | 4,844.07 | | | | (4,844.07) | | (4,844.07) |
| Total | \$ 445,011.72 | \$ 35,996.47 | \$ - | \$ 20,616.00 | (388,399.25) | - | (388,399.25) |
| General Purpose Revenues: | | | | | | | |
| Property Taxes | | | | | \$ 255,079.28 | | \$ 255,079.28 |
| Revenue Sharing | | | | | 146,008.00 | | 146,008.00 |
| Special Assessment | | | | | 46,695.04 | | 46,695.04 |
| Investment Earnings | | | | | 6,779.37 | | 6,779.37 |
| Miscellaneous | | | | | 6,878.50 | | 6,878.50 |
| Tax Reverted Land Sales - Net of Costs | | | | | 2,423.01 | | 2,423.01 |
| Total General Purpose Revenues | | | | | 463,863.20 | | 463,863.20 |
| Excess (Deficiency) of Revenues Over Expenses | | | | | 75,463.95 | | 75,463.95 |
| Net Assets - Beginning of Year | | | | | 1,060,802.15 | | 1,060,802.15 |
| Net Assets - End of Year | | | | | \$ 1,136,266.10 | \$ - | \$ 1,136,266.10 |

See accompanying notes to the financial statements.

Blue Lake Township
Balance Sheet
Governmental Funds
March 31, 2004

| | General Fund | Fire Equipment Fund | Fire Operations Fund | Special Assessments Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash | \$ 412,952.66 | \$ 93,534.87 | \$ (39,192.61) | | \$ 3,947.98 | \$ 471,242.90 |
| Accounts Receivable | 14,912.59 | | | | | 14,912.59 |
| Taxes Receivable | 5,157.03 | 7,957.48 | 10,610.14 | | 2,033.10 | 25,757.75 |
| Assessments Receivable | | | | \$ 18,678.00 | | 18,678.00 |
| Land Contracts Receivable | 37,022.25 | | | | | 37,022.25 |
| Due From Other Funds | 83,286.26 | 61,630.79 | 82,194.87 | | 14,844.33 | 241,956.25 |
| Prepaid Expenses | 6,335.31 | | 16,444.87 | | | 22,780.18 |
| Total Assets | <u>\$ 559,666.10</u> | <u>\$ 163,123.14</u> | <u>\$ 70,057.27</u> | <u>\$ 18,678.00</u> | <u>\$ 20,825.41</u> | <u>\$ 832,349.92</u> |
| Liabilities | | | | | | |
| Accounts Payable | \$ 8,894.07 | | \$ 5,976.90 | | \$ 1,742.33 | \$ 16,613.30 |
| Due To Other Governments | 1,958.40 | | | | | 1,958.40 |
| Due To Other Funds | 150.95 | | 22,082.72 | \$ 18,678.00 | | 40,911.67 |
| Deferred Revenue | 300.00 | \$ 46,300.09 | 28,656.04 | | 13,710.76 | 88,966.89 |
| Accrued Expenses | 3,969.88 | | | | | 3,969.88 |
| Total Liabilities | <u>15,273.30</u> | <u>46,300.09</u> | <u>56,715.66</u> | <u>18,678.00</u> | <u>15,453.09</u> | <u>152,420.14</u> |
| Fund Balances | | | | | | |
| Unreserved: | | | | | | |
| Undesignated, Reported In: | | | | | | |
| General Fund | 544,392.80 | | | | | 544,392.80 |
| Special Revenue Funds | | 116,823.05 | 13,341.61 | | 5,372.32 | 135,536.98 |
| Total Fund Balances | <u>544,392.80</u> | <u>116,823.05</u> | <u>13,341.61</u> | <u>-</u> | <u>5,372.32</u> | <u>679,929.78</u> |
| Total Liabilities and Fund Balances | <u>\$ 559,666.10</u> | <u>\$ 163,123.14</u> | <u>\$ 70,057.27</u> | <u>\$ 18,678.00</u> | <u>\$ 20,825.41</u> | <u>\$ 832,349.92</u> |

See accompanying notes to the financial statements.

Blue Lake Township
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2004*

| | |
|---|----------------------|
| Total Governmental Fund Balances | \$ 679,929.78 |
|---|----------------------|

***Amounts reported for governmental activities in the statement of
net assets are different because***

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 657,380.90 |
|---|------------|

| | |
|---|--------------|
| Due To and From Other Funds are not Included in Statement of Net Assets and therefore require an adjustment to reconcile | (201,044.58) |
|---|--------------|

| | |
|--|-------------------------------|
| Net Assets of Governmental Activities | <u>\$ 1,136,266.10</u> |
|--|-------------------------------|

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended March 31, 2004

| | General Fund | Fire Equipment Fund | Fire Operations Fund | Special Assessments Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|------------------------------------|-------------------------------------|---|---|---|
| Revenues | | | | | | |
| Property Taxes | \$ 51,340.73 | \$ 79,182.26 | \$ 105,595.64 | | \$ 18,960.65 | \$ 255,079.28 |
| Licenses, Permits and Fees | 35,473.97 | | | | | 35,473.97 |
| Special Assessments | | | | \$ 46,695.04 | | 46,695.04 |
| Earnings on Investments | 5,525.71 | 806.14 | 377.52 | | 70.00 | 6,779.37 |
| Miscellaneous Revenue | | 4,500.00 | 2,378.50 | | | 6,878.50 |
| Intergovernmental | 146,008.00 | | | | 21,138.50 | 167,146.50 |
| Total Revenues | 238,348.41 | 84,488.40 | 108,351.66 | 46,695.04 | 40,169.15 | 518,052.66 |
| Expenditures | | | | | | |
| Legislative | 3,983.00 | | | | | 3,983.00 |
| General Government | 135,155.59 | | | | | 135,155.59 |
| Public Safety | 30,936.95 | | 118,901.44 | | 536.67 | 150,375.06 |
| Public Works | 8,170.16 | | | | 1,622.72 | 9,792.88 |
| Health and Welfare | 34,565.29 | | | | 17,753.73 | 52,319.02 |
| Other | 26,560.95 | | | | | 26,560.95 |
| Capital Outlay | 1,724.95 | 9,842.54 | | 46,695.04 | 22,947.57 | 81,210.10 |
| | 241,096.89 | 9,842.54 | 118,901.44 | 46,695.04 | 42,860.69 | 459,396.60 |
| Excess Revenue Over (Under) | | | | | | |
| Expenditures | (2,748.48) | 74,645.86 | (10,549.78) | - | (2,691.54) | 58,656.06 |
| Other Financing Sources (Uses) | | | | | | |
| Tax Reverted Land Sales | 26,271.68 | 832.25 | 1,109.68 | | | 28,213.61 |
| Tax Reverted Land Sales Expense | (25,790.60) | | | | | (25,790.60) |
| Transfers In/(Out) | | (2,290.00) | | | 2,290.00 | - |
| | 481.08 | (1,457.75) | 1,109.68 | - | 2,290.00 | 2,423.01 |
| Net Change in Fund Balances | (2,267.40) | 73,188.11 | (9,440.10) | - | (401.54) | 61,079.07 |
| Fund Balances-Beginning of Year | 546,660.20 | 43,634.94 | 22,781.71 | - | 5,773.86 | 618,850.71 |
| Fund Balances - End of Year | \$ 544,392.80 | \$ 116,823.05 | \$ 13,341.61 | \$ - | \$ 5,372.32 | \$ 679,929.78 |

See accompanying notes to the financial statements.

Blue Lake Township
*Reconciliation of the Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended March 31, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 61,079.07

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|---------------------------|--------------|-----------|
| Fixed Asset Additions | \$ 81,210.10 | |
| Current Year Depreciation | (66,825.22) | |
| Total | 14,384.88 | 14,384.88 |

| | |
|--|---------------------|
| Change in Net Assets of Governmental Activities | \$ 75,463.95 |
|--|---------------------|

Blue Lake Township
Statement of Fiduciary Net Assets
March 31, 2004

| Agency Funds | |
|--------------------------|-----------------------------------|
| | <u>Tax Collections</u> |
| Assets | |
| Cash | \$ 227,020.49 |
| Total Assets | <u><u>\$ 227,020.49</u></u> |
| Liabilities | |
| Due To Other Governments | \$ 25,975.91 |
| Due To Other Funds | 201,044.58 |
| Total Liabilities | <u><u>\$ 227,020.49</u></u> |

See accompanying notes to the financial statements.

Notes to Financial Statements

Blue Lake Township
Index to Notes To Financial Statements
March 31, 2004

| Note No. | | Page |
|-----------------|---|-------------|
| I | Summary of Significant Accounting Policies | |
| A. | Reporting Entity | 19 |
| B. | Government-Wide and Fund Financial Statements | 19 - 23 |
| C. | Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 23 - 25 |
| D. | Assets, Liabilities, and Net Assets or Equity | 25 - 29 |
| II | Stewardship, Compliance, and Accountability | |
| A. | Budgetary Information | 29 |
| B. | Excess Expenditures Over Appropriations | 30 |
| C. | Material Budget Violations | 30 |
| D. | Deficit Balances | 30 |
| III | Deposits and Investments | 31 |
| IV | Interfund Receivables and Payables | 31 |
| V | Capital Assets | 32 |
| VI | Risk Assessment | 33 |

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

The accounting policies of Blue Lake Township, County of Muskegon, State of Michigan conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all the funds of Blue Lake Township. The Township is a general law township governed by a five member board elected by the citizens of the Township. The board consists of the supervisor, clerk, treasurer, and two trustees, all of whom reside in the community. The Township is not included in any other governmental "reporting entity" as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether financial statements would be misleading, if data were not included. In accordance with generally accepted accounting principles and GASB Statement No. 14, these financial statements present the Township as the primary government and there are no component units. The Township's board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Government-Wide and Fund Financial Statements

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34: *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments*. In June 2001, the GASB also issued Statement No. 37: *Basic Financial Statements- and Management's Discussion and Analysis - For State and Local Governments: Omnibus* and Statement No. 38: *Certain Financial Statement Note Disclosures*.

Blue Lake Township has made the decision to implement these standards effective for the fiscal year ended March 31, 2004.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

GASB Statements No. 34 and 37, among many other changes, add two new "government -wide" financial statements as basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the township used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements. In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are either classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

GASB Statement No. 38 requires additional note disclosures.

Government -wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole. These statements include all funds of the reporting unit except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Government Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds with the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the Township believes is particularly important to financial statement users may be reported as a major fund.

The Township reports the following major governmental funds:

General Fund - accounts for the Township's primary operating activities. It is used to account for all financial resources except those required to accounted for in another fund.

Fire Equipment Fund - accounts for specific revenues that are legally restricted for the acquisition of equipment used in fire department operations.

Fire Operations Fund - accounts for specific revenues that are legally restricted for the operations of the Township's fire department.

Special Assessments Fund - accounts for specific revenues that are restricted for road improvements paid for by the property owners affected by such improvements.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

The Township reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes:

Property Tax Administration Fund
Liquor Fund
Street Lights Fund
FEMA Grant Fund

Agency funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Township operates the following agency fund: Tax Collection Fund

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue when earned. The effect of interfund activity has been eliminated from the government wide financial statements.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures (if any), which are recorded as a fund liability when expected to be paid with expendable available financial resources. Intergovernmental aids and grants are recognized as revenues in the period in which the Township is entitled to the resources and the amounts are available. Amounts owed to the Township which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Township reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Deferred revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Investment of the Township's funds is restricted by state statutes. Available investments are limited to:

Time deposits in any federally insured banks, credit unions, and savings and loan associations.

Local government investment pools.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Deposits and Investments (continued)

Bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; and bankers' acceptance of United States banks.

Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund.

The Township's deposits and investments may not be invested in financial institutions located in states other than the State of Michigan.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land Contracts Receivable

Blue Lake Township has sold tax reverted land located in the Township on land contracts. As of March 31, 2004, the balance due to the Township on the land contracts is in the amount of \$ 37,022.25. The proceeds from land contracts is distributed to the various taxing units based on the current millage rates. Based on prior distributions, the Township's share is approximately 5.2 percent.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Capital Assets

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$ 500.00 for general capital assets and for infrastructure assets, with an estimated useful life in excess of 2 years for general capital assets and 15 years for infrastructure assets. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | | |
|----------------------------|---------|-------|
| Buildings | 10 - 50 | years |
| Fire Department Equipment | 5 - 15 | |
| Roads | 15 - 50 | |
| Vehicles | 5 - 20 | |
| Office Furniture/Equipment | 5 - 20 | |

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Equity Classifications

Equity is classified as net assets and displayed in three components:

Invested in Capital Assets, Net of Related Debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Government - Wide Statements

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Equity Classifications (continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

Note II - Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for all governmental funds of the Township.

The budgeted amounts presented include any amendments made. The Township's board of trustees may authorize transfers of budgeted amounts within departments. Transfers between functions and changes to the overall budget is approved by board motions. Appropriations lapse at year end. Governmental funds of the Township are adopted at the functional level of expenditure.

The budgetary comparison statement of the major governmental funds is shown as part of the basic financial statements.

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note II - Stewardship, Compliance, and Accountability

B. Excess Expenditures Over Appropriations

The township controls expenditures at the function level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Township's year end budget to actual financial statements.

C. Material Budget Violations

Public Act 621 of 1978, Section 18 (1), as amended, requires the adoption of a balanced budget for the general fund. The general fund had expenditures in excess of appropriations in the following functions:

| Description | Budget | Actual | Variance |
|---------------------------------|-------------|-------------|--------------|
| Public Safety | \$29,900.00 | \$30,935.95 | \$(1,036.95) |
| Tax Reverted Land Sales Expense | 14,000.00 | 25,790.60 | (11,790.60) |

Special Revenue Fund - Fire Operations Fund had expenditures in excess of appropriations in the following functions:

| Description | Budget | Actual | Variance |
|---------------|--------------|--------------|---------------|
| Public Safety | \$108,816.00 | \$118,901.44 | \$(10,085.44) |

D. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At March 31, 2004, the following fund holds a deficit:

| Fund | Amount | Reason |
|-----------------|------------|---|
| FEMA Grant Fund | \$ (11.04) | Timing difference in funding source and accounts payable. |

This fund deficit is expected to be funded with future contributions or general fund transfer of revenue.

Blue Lake Township
Notes to Financial Statements
 March 31, 2004

Note III - Deposits and Investments

The Township's deposits are categorized to give an indication at the level of custodial credit risk assumed at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Township or by its agent in the Township's name. Category 2 includes uninsured, collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name. Category 3 includes uninsured and uncollateralized deposits.

| | 1 | Category 2 | 3 | Total | Carrying Amount |
|------------------|---------------------|---------------|---------------------|---------------------|---------------------|
| Local Area Banks | <u>\$300,000.00</u> | <u>\$ -</u> | <u>\$427,213.19</u> | <u>\$727,213.19</u> | <u>\$698,263.39</u> |

The carrying amount of the Township's deposits were \$ 698,263.39 as of March 31, 2004. The bank balance was in the amount of \$ 727,213.19, of which \$ 300,000.00 was insured by FDIC Insurance. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit.

Note IV - Interfund Receivables and Payables

The following is a schedule of interfund receivables and payables (referred to as Due From and Due To Other Funds) as of March 31, 2004:

| Fund | Interfund Receivable | Interfund Payable |
|----------------------------------|-------------------------|----------------------|
| General Fund | \$ 83,286.26 | \$ 150.95 |
| Fire Equipment Fund | 61,630.79 | |
| Fire Operations Fund | 82,194.87 | 22,082.72 |
| Property Tax Administration Fund | 14,252.12 | |
| Street Lights Fund | 592.21 | |
| Winter Tax Collections Account | | 201,044.58 |
| Special Assessments Fund | | 18,678.00 |
| Totals | <u>\$241,956.25</u> | <u>\$241,956.25</u> |

Blue Lake Township
Notes to Financial Statements
 March 31, 2004

Note V - Capital Assets

Capital asset activity in the governmental activities for the year ended March 31, 2004 is as follows:

| | Balance 4/1/2003 | Additions | Deletions | Balance 3/31/2004 |
|--|---------------------|---------------------|-------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 3,323.00 | | | \$ 3,323.00 |
| Total Capital Assets Not Being Depreciated | 3,323.00 | - | - | 3,323.00 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 286,287.00 | | | 286,287.00 |
| Fire Department Equipment | 547,961.00 | 57,023.00 | | 604,984.00 |
| Roads | 88,756.42 | | | 88,756.42 |
| Vehicles - Police | 5,367.00 | | | 5,367.00 |
| Office Furniture and Equipment | 24,830.45 | 2,423.00 | | 27,253.45 |
| Total Capital Assets Being Depreciated | 953,201.87 | 59,446.00 | - | 1,012,647.87 |
| Total Cost of Capital Assets | 956,524.87 | 59,446.00 | - | 1,015,970.87 |
| Accumulated Depreciation | | | | |
| Buildings | (113,359.43) | (8,140.15) | | (121,499.58) |
| Fire Department Equipment | (161,391.56) | (49,144.10) | | (210,535.66) |
| Roads | (11,805.79) | (4,844.07) | | (16,649.86) |
| Vehicles - Police | (74.54) | (894.50) | | (969.04) |
| Office Furniture and Equipment | (5,103.43) | (3,832.40) | | (8,935.83) |
| Total Accumulated Depreciation | (291,734.75) | (66,855.22) | - | (358,589.97) |
| Capital Assets Net of Depreciation | <u>\$664,790.12</u> | <u>\$(7,409.22)</u> | <u>\$ -</u> | <u>\$ 657,380.90</u> |

Depreciation expense for the year ended March 31, 2004 is charged to governmental activities as follows:

| | |
|---|----------------------------|
| General Government | \$ 5,621.40 |
| Public Safety | 56,359.75 |
| Unallocated | 4,844.07 |
| Total Depreciation Expense for the year ended March 31, 2004 | <u><u>\$ 66,825.22</u></u> |

Blue Lake Township
Notes to Financial Statements
March 31, 2004

Note VI - Risk Assessment

Blue Lake Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Budgetary Comparison Schedules and Combining Statements

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | | Favorable (Unfavorable) |
|----------------------------|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | Actual | Variance |
| Revenues | | | | |
| Property Taxes | \$ 48,991.00 | \$ 48,991.00 | \$ 51,340.73 | \$ 2,349.73 |
| Licenses, Permits and Fees | 31,000.00 | 46,438.00 | 35,473.97 | (10,964.03) |
| Earnings on Investments | 6,000.00 | 6,000.00 | 5,525.71 | (474.29) |
| Intergovernmental | 158,451.00 | 158,451.00 | 146,008.00 | (12,443.00) |
| Other Income | 4,942.00 | 4,942.00 | - | (4,942.00) |
| Total Revenues | 249,384.00 | 264,822.00 | 238,348.41 | (26,473.59) |
| Expenditures | | | | |
| Legislative: | | | | |
| Township Board | | | | |
| Trustee Salaries | 4,608.00 | 4,608.00 | 3,983.00 | 625.00 |
| Total Legislative | 4,608.00 | 4,608.00 | 3,983.00 | 625.00 |
| General Government: | | | | |
| Supervisor Salary | 17,976.00 | 17,976.00 | 17,974.00 | 2.00 |
| Clerk Salary | 16,032.00 | 16,032.00 | 16,032.00 | - |
| Deputy Clerk | 300.00 | 300.00 | - | 300.00 |
| Treasurer Salary | 16,032.00 | 16,032.00 | 16,032.00 | - |
| Deputy Treasurer Salary | 500.00 | 500.00 | 641.25 | (141.25) |
| Elections | 800.00 | 800.00 | 540.00 | 260.00 |
| Board of Review | 1,800.00 | 1,800.00 | 1,400.00 | 400.00 |
| Land Administration Salary | 1,500.00 | 1,500.00 | 75.00 | 1,425.00 |
| Payroll Taxes | 8,600.00 | 9,640.00 | 8,863.93 | (263.93) |
| Travel | | | | |
| Supervisor Travel | 3,600.00 | 3,600.00 | 2,837.16 | 762.84 |
| Clerk Travel | 800.00 | 800.00 | 130.32 | 669.68 |
| Treasurer Travel | 800.00 | 800.00 | 1,011.96 | (211.96) |
| Legal Expense | 22,000.00 | 22,000.00 | 19,728.98 | 2,271.02 |
| Audit Expense | 3,800.00 | 3,800.00 | 3,800.00 | - |
| Insurance | 17,100.00 | 17,236.00 | 10,346.12 | 6,753.88 |
| Education | 11,000.00 | 11,000.00 | 7,923.02 | 3,076.98 |

See accompanying notes to financial statements.

| | | | | |
|------------------|----------|----------|----------|------------|
| Computer Service | 2,000.00 | 2,000.00 | 3,154.20 | (1,154.20) |
|------------------|----------|----------|----------|------------|

Blue Lake Township

Statement of Revenues, Expenditures and Changes in Fund Balance

Actual and Budget - General Fund

For The Fiscal Year Ended March 31, 2004

| | Budget | | | Favorable (Unfavorable) |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | Actual | Variance |
| Utilities | | | | |
| Janitor Services | \$ 900.00 | \$ 900.00 | \$ 731.25 | \$ 168.75 |
| Snow Removal | 1,000.00 | 1,000.00 | 400.00 | 600.00 |
| Heat | 3,000.00 | 3,000.00 | 2,473.08 | 526.92 |
| Electricity | 1,200.00 | 1,200.00 | 668.85 | 531.15 |
| Repairs and Maintenance | | | | |
| Building Maintenance | 5,000.00 | 5,000.00 | 2,743.53 | 2,256.47 |
| Grounds Maintenance | 1,000.00 | 1,000.00 | 300.00 | 700.00 |
| Police Equipment Maintenance | 500.00 | 500.00 | 114.43 | 385.57 |
| Vehicle Maintenance | 500.00 | 500.00 | 348.19 | 151.81 |
| Radio Repairs | 500.00 | 500.00 | 55.67 | 444.33 |
| Equipment Maintenance | 2,000.00 | 2,000.00 | 858.28 | 1,141.72 |
| Parking Lot Maintenance | 1,500.00 | 1,500.00 | - | 1,500.00 |
| Vehicle Fuel | 500.00 | 500.00 | - | 500.00 |
| Supplies and Postage | | | | |
| Postage | 6,000.00 | 6,000.00 | 4,863.07 | 1,136.93 |
| Supplies Expense | 6,000.00 | 6,000.00 | 6,978.13 | (978.13) |
| Communications and Publishing | | | | |
| Publishing | 2,900.00 | 2,900.00 | 1,667.22 | 1,232.78 |
| Communications | 2,600.00 | 2,600.00 | 2,463.95 | 136.05 |
| Health Care | 1,000.00 | 1,000.00 | - | 1,000.00 |
| Total General Government | 160,740.00 | 161,916.00 | 135,155.59 | 26,760.41 |
| Public Safety | | | | |
| Police Salary | 8,400.00 | 8,400.00 | 8,400.00 | - |
| Planning Commission Salaries | 8,600.00 | 8,600.00 | 10,537.00 | (1,937.00) |
| Planning Commission Expense | 600.00 | 600.00 | 186.84 | 413.16 |
| Ordinance Enforcement Salary | 4,800.00 | 4,800.00 | 4,800.00 | - |
| Ordinance Enforcement Travel | 1,500.00 | 1,500.00 | 1,496.52 | 3.48 |
| Law Enforcement | 6,000.00 | 6,000.00 | 5,516.59 | 483.41 |
| Total Public Safety | 29,900.00 | 29,900.00 | 30,936.95 | (1,036.95) |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) Variance |
|---------------------------------|-------------|-------------|-------------|--|
| | Original | Final | | |
| Public Works | | | | |
| Dust Control | \$ 6,000.00 | \$ 6,000.00 | \$ 4,855.68 | \$ 1,144.32 |
| Dangerous Buildings | 5,000.00 | 5,000.00 | - | 5,000.00 |
| Solid Waste | 1,000.00 | 1,000.00 | 3,000.00 | (2,000.00) |
| Street Signs | 1,000.00 | 1,000.00 | 314.48 | 685.52 |
| Total Public Works | 13,000.00 | 13,000.00 | 8,170.16 | 4,829.84 |
| Health and Welfare | | | | |
| Building Inspection Salary | 8,400.00 | 16,000.00 | 12,355.60 | 3,644.40 |
| Building Inspection | | | | |
| Secretarial Expense | 6,000.00 | - | 2,500.00 | (2,500.00) |
| Zoning Administrator Salary | - | 12,000.00 | 7,000.00 | 5,000.00 |
| Contract Inspectors | | | | |
| Electrical Inspector | 4,000.00 | 4,000.00 | 3,171.00 | 829.00 |
| Mechanical Inspector | 3,300.00 | 3,300.00 | 2,702.45 | 597.55 |
| Plumbing Inspector | 4,000.00 | 4,000.00 | 3,010.80 | 989.20 |
| Inspectors Travel | 4,600.00 | 6,216.00 | 3,825.44 | 2,390.56 |
| Total Health and Welfare | 30,300.00 | 45,516.00 | 34,565.29 | 10,950.71 |
| Other | | | | |
| Budget Meetings | 1,800.00 | 1,800.00 | 216.00 | 1,584.00 |
| Mapping Project | 3,500.00 | 3,500.00 | 626.75 | 2,873.25 |
| Land Split Costs | 300.00 | 300.00 | 480.00 | (180.00) |
| Association Dues | 1,500.00 | 1,500.00 | 3,235.37 | (1,735.37) |
| Ambulance Subsidy | 10,007.00 | 10,007.00 | 12,183.00 | (2,176.00) |
| Pride Week | 4,500.00 | 4,500.00 | 3,015.96 | 1,484.04 |
| Special Studies | 1,000.00 | 1,000.00 | 500.00 | 500.00 |
| Other Expenses | 6,300.00 | 6,300.00 | 6,303.87 | (3.87) |
| Total Other | 28,907.00 | 28,907.00 | 26,560.95 | 2,346.05 |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) Variance |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| Capital Outlay | | | | |
| Capital Outlay | \$ 5,500.00 | \$ 5,500.00 | \$ 1,724.95 | \$ 3,775.05 |
| Total Capital Outlay | 5,500.00 | 5,500.00 | 1,724.95 | 3,775.05 |
| Total Expenditures | 272,955.00 | 289,347.00 | 241,096.89 | 48,250.11 |
| Excess Revenues Over (Under) Expenditures | (23,571.00) | (24,525.00) | (2,748.48) | 21,776.52 |
| Other Financing Sources (Uses) | | | | |
| Tax Reverted Land Sales | 800.00 | 800.00 | 26,271.68 | 25,471.68 |
| Tax Reverted Land Sales Expense | (14,000.00) | (14,000.00) | (25,790.60) | (11,790.60) |
| Total Other Financing Sources (Uses) | (13,200.00) | (13,200.00) | 481.08 | 13,681.08 |
| Excess Revenues Over (Under) Expenditures and Other Financing | (36,771.00) | (37,725.00) | (2,267.40) | 35,457.60 |
| Fund Balance - Beginnig of Year | 546,660.20 | 546,660.20 | 546,660.20 | - |
| Fund Balance End of Year | <u>\$509,889.20</u> | <u>\$508,935.20</u> | <u>\$544,392.80</u> | <u>\$ 35,457.60</u> |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Fire Equipment Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) Variance |
|---|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 69,436.00 | \$ 69,436.00 | \$ 79,182.26 | \$ 9,746.26 |
| Licenses, Permits and Fees | 500.00 | 500.00 | 500.00 | - |
| Earnings on Investments | 500.00 | 500.00 | 806.14 | 306.14 |
| Intergovernmental | | | | |
| Other Income | 1,500.00 | 1,500.00 | 4,000.00 | 2,500.00 |
| Total Revenues | <u>71,936.00</u> | <u>71,936.00</u> | <u>84,488.40</u> | <u>12,552.40</u> |
| Expenditures | | | | |
| Capital Outlay | 70,000.00 | 70,000.00 | 9,842.54 | 60,157.46 |
| | <u>70,000.00</u> | <u>70,000.00</u> | <u>9,842.54</u> | <u>60,157.46</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | 1,936.00 | 1,936.00 | 74,645.86 | 72,709.86 |
| Other Financing Sources (Uses) | | | | |
| Transfer Out - Other Funds | | (2,290.00) | (2,290.00) | - |
| Tax Reverted Land Sales | 600.00 | 600.00 | 832.25 | 232.25 |
| Total Other Financing Sources (Uses) | <u>600.00</u> | <u>(1,690.00)</u> | <u>(1,457.75)</u> | <u>232.25</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures and Other Financing | 2,536.00 | 246.00 | 73,188.11 | 72,942.11 |
| Fund Balance - Beginnig of Year | <u>43,634.94</u> | <u>43,634.94</u> | <u>43,634.94</u> | <u>-</u> |
| Fund Balance End of Year | <u>\$ 46,170.94</u> | <u>\$ 43,880.94</u> | <u>\$116,823.05</u> | <u>\$ 72,942.11</u> |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Fire Operations Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) Variance |
|----------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 92,517.00 | \$ 92,517.00 | \$105,595.64 | \$ 13,078.64 |
| Licenses, Permits and Fees | 500.00 | 500.00 | 1,387.50 | 887.50 |
| Earnings on Investments | 1,000.00 | 1,000.00 | 377.52 | (622.48) |
| Other Income | 100.00 | 100.00 | 991.00 | 891.00 |
| Total Revenues | 94,117.00 | 94,117.00 | 108,351.66 | 14,234.66 |
| Expenditures | | | | |
| Public Safety | | | | |
| Fire People Compensation | 44,000.00 | 44,000.00 | 48,885.75 | (4,885.75) |
| Payroll Taxes | 3,366.00 | 3,366.00 | 3,739.76 | (373.76) |
| Travel | 1,000.00 | 1,000.00 | 1,353.78 | (353.78) |
| Supplies | 4,000.00 | 4,000.00 | 6,671.07 | (2,671.07) |
| Insurance | 10,000.00 | 10,000.00 | 18,781.83 | (8,781.83) |
| Dues and Subscriptions | 500.00 | 500.00 | 180.00 | 320.00 |
| Education | 4,800.00 | 4,800.00 | 3,547.02 | 1,252.98 |
| Utilities | 10,550.00 | 10,550.00 | 11,318.25 | (768.25) |
| Communications | 6,000.00 | 6,000.00 | 6,144.46 | (144.46) |
| Maintenance and Repairs | | | | - |
| Building | 4,000.00 | 4,000.00 | 1,425.46 | 2,574.54 |
| Vehicles | 10,000.00 | 10,000.00 | 7,565.57 | 2,434.43 |
| Radio | 1,000.00 | 1,000.00 | 1,621.01 | (621.01) |
| Equipment | 5,000.00 | 5,000.00 | 4,080.23 | 919.77 |
| Vehicle Fuel | 3,500.00 | 3,500.00 | 2,421.16 | 1,078.84 |
| Health Care | 1,000.00 | 1,000.00 | 602.05 | 397.95 |
| Other | 100.00 | 100.00 | 564.04 | (464.04) |
| | 108,816.00 | 108,816.00 | 118,901.44 | (10,085.44) |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Fire Operations Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) |
|---|--------------------|--------------------|---------------------|----------------------------|
| | Original | Final | | Variance |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (14,699.00) | (14,699.00) | (10,549.78) | 4,149.22 |
| Other Financing Sources (Uses) | | | | |
| Transfer Out - Other Funds | | | | |
| Tax Reverted Land Sales | 600.00 | 600.00 | 1,109.68 | 509.68 |
| Total Other Financing | | | | |
| Sources (Uses) | 600.00 | 600.00 | 1,109.68 | 509.68 |
| Excess Revenues Over (Under) | | | | |
| Expenditures and Other Financing | (14,099.00) | (14,099.00) | (9,440.10) | 4,658.90 |
| Fund Balance - Beginnig of Year | 22,781.71 | 22,781.71 | 22,781.71 | - |
| Fund Balance End of Year | <u>\$ 8,682.71</u> | <u>\$ 8,682.71</u> | <u>\$ 13,341.61</u> | <u>\$ 4,658.90</u> |

See accompanying notes to financial statements.

Blue Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Special Assessments Fund
For The Fiscal Year Ended March 31, 2004

| | Budget | | Actual | Favorable (Unfavorable) Variance |
|--|--------------|--------------|--------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Special Assessments | \$ 46,695.04 | \$ 46,695.04 | \$ 46,695.04 | - |
| Total Revenues | 46,695.04 | 46,695.04 | 46,695.04 | - |
| Expenditures | | | | |
| Capital Outlay | | | | |
| Road Improvements | 44,001.99 | 44,001.99 | 44,001.99 | - |
| Legal, Publishing, and Communications | 2,693.05 | 2,693.05 | 2,693.05 | - |
| | 46,695.04 | 46,695.04 | 46,695.04 | - |
| Excess Revenues Over (Under) | | | | |
| Expenditures | - | - | - | - |
| Fund Balance - Beginnig of Year | - | - | - | - |
| Fund Balance End of Year | \$ - | \$ - | \$ - | \$ - |

See accompanying notes to financial statements.

Blue Lake Township
Combining Balance Sheet - Nonmajor Governmental Funds
As of March 31, 2004

| | Special Revenue Funds | | | | Total |
|--|------------------------------|-----------------------|--------------------------|-----------------------|--------------------|
| | PTAF | Liquor Law | Street Lights | FEMA Grant | |
| Assets | | | | | |
| Cash in Bank | \$ (770.49) | \$198.50 | \$ 2,843.76 | \$ 1,676.21 | \$ 3,947.98 |
| Delinquent Taxes Receivable | 1,660.13 | | 372.97 | | 2,033.10 |
| Due From Other Funds | 14,252.12 | | 592.21 | | 14,844.33 |
| Total Assets | <u>\$ 15,141.76</u> | <u>\$198.50</u> | <u>\$ 3,808.94</u> | <u>\$ 1,676.21</u> | <u>\$20,825.41</u> |
| Liabilities and Fund Equity | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 55.08 | | | 1,687.25 | \$ 1,742.33 |
| Deferred Revenue | 11,584.87 | | \$ 2,125.89 | | 13,710.76 |
| Total Liabilities | <u>11,639.95</u> | <u>-</u> | <u>2,125.89</u> | <u>1,687.25</u> | <u>15,453.09</u> |
| Fund Equity | | | | | |
| Fund Balance | 3,501.81 | 198.50 | 1,683.05 | (11.04) | 5,372.32 |
| Total Fund Equity | <u>3,501.81</u> | <u>198.50</u> | <u>1,683.05</u> | <u>(11.04)</u> | <u>5,372.32</u> |
| Total Liabilities and Fund Equity | <u>\$ 15,141.76</u> | <u>\$198.50</u> | <u>\$ 3,808.94</u> | <u>\$ 1,676.21</u> | <u>\$20,825.41</u> |

Blue Lake Township
*Combining Statement of Revenue, Expenditures
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended March 31, 2004*

| | Special Revenue Funds | | | | Totals |
|--|------------------------------|-----------------------|--------------------------|-----------------------|------------------|
| | PTAF | Liquor Law | Street Lights | FEMA Grant | |
| Revenues | | | | | |
| Property Taxes | \$17,909.04 | | \$ 1,051.61 | | \$ 18,960.65 |
| Earnings on Investments | 25.72 | \$ 4.76 | 8.99 | \$ 30.53 | 70.00 |
| Grants | | 522.50 | | 20,616.00 | 21,138.50 |
| | <u>17,934.76</u> | <u>527.26</u> | <u>1,060.60</u> | <u>20,646.53</u> | <u>40,169.15</u> |
| Expenditures | | | | | |
| Public Safety | | 536.67 | | | 536.67 |
| Public Works | | | 1,622.72 | | 1,622.72 |
| Health and Welfare | 17,753.73 | | | | 17,753.73 |
| Capital Outlay | | | | 22,947.57 | 22,947.57 |
| | <u>17,753.73</u> | <u>536.67</u> | <u>1,622.72</u> | <u>22,947.57</u> | <u>42,860.69</u> |
| Excess Revenues Over (Under) Expenditures | 181.03 | (9.41) | (562.12) | (2,301.04) | (2,691.54) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | | | | 2,290.00 | 2,290.00 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,290.00</u> | <u>2,290.00</u> |
| Net Change in Fund Balances | 181.03 | (9.41) | (562.12) | (11.04) | (401.54) |
| Fund Balances-Beginning of Year | <u>3,320.78</u> | <u>207.91</u> | <u>2,245.17</u> | <u>-</u> | <u>5,773.86</u> |
| Fund Balances - End of Year | <u>\$ 3,501.81</u> | <u>\$ 198.50</u> | <u>\$ 1,683.05</u> | <u>\$ (11.04)</u> | <u>5,372.32</u> |